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EXAMINER

RIVIERE, HEIDI M

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

| | | | |
|------------------------------|--------------------------------------|--|--|
| Office Action Summary | Application No. 10/720,797 | Applicant(s) MCMORRIS ET AL. | |
| | Examiner HEIDI RIVIERE | Art Unit 3689 | |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 14 October 2008.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) See Continuation Sheet is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) See Continuation Sheet is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>10/14/2008</u> . | 6) <input type="checkbox"/> Other: _____ |

Continuation of Disposition of Claims: Claims pending in the application are 1,6,10-15,17,20,23-27,32,33,35,37,38,40,42,45-48,50,52,56,57,59-62,64,67,68,71-74,76,78-80,84,86,87,94,95,97,98 and 100-102.

Continuation of Disposition of Claims: Claims rejected are 1,6,10-15,17,20,23-27,32,33,35,37,38,40,42,45-48,50,52,56,57,59-62,64,67,68,71-74,76,78-80,84,86,87,94,95,97,98 and 100-102.

DETAILED ACTION

Continued Examination Under 37 CFR 1.114

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on **14 October 2008** has been entered.

RESPONSE TO REMARKS

2. Applicants' arguments with respect to claims 1-102 have been considered however they are not persuasive. Examiner used **Daggett et al. (US 2002/0173980 A1)** (hereinafter "**Daggett**") in view of **Sandor et al. (US 2005/0246190 A1)** to reject claims 1-102. Applicants arguments have been considered however, they are not persuasive.

3. **Claims 1, 6, 10-15, 17, 20, 23-27, 32-33, 35, 37-38, 40, 42, 45-48, 50, 52, 56-57, 59-62, 64, 67-68, 71-74, 76, 78-80, 84, 86-87, 94-95, 97-98, and 100-102** are currently pending.

4. Applicant continues arguing against the use of the Sandor reference and therefore the previous response noted in the 12 June 2008 action currently remains applicable. The **Sandor Provisional (60/397,401)** does not teach or suggest the steps

Art Unit: 3689

relied upon by the examiner in rejecting Claims 1-67. However, Examiner finds fault in this argument by noting that the Sandor Provisional anticipates the claimed invention. The Applicant claims are broadly focused to include production in general and all emissions without specific details or data on the system in question or the professed conversions and applicable system and/or calculations. Merely noting that for example “converting the production practice data to environmental data using pre-selected conversion factors” as is mentioned in claim 1 is not enough background to detail what this conversion is neither is listing production sectors like agriculture and forestry enough to distinguish the application. For example, Applicant argues against the Sandor reference repeating the argument on the inadequacy of the Sandor provisions 60/397401 filed in July 20, 2002. However, on page 13 of the Sandor Provisional specification the discussion focuses on Certified Emission Offsets. Paragraphs 55-57 detail “eligible projects can be recorded in the Market Registry and will be issued Certified Emission Offsets. Eligible offset projects are agricultural methane destruction for example. Paragraph 58 details what the mitigating quantities should be as well as the ideal conversion to carbon dioxide. See below for the detailed application of the Sandor provisional application to independent claims 1, 31 and 51. Furthermore, the Sandor Provisional goes into further details enabling the complete step by step anticipation of the noted claims by also including mention of identifiers such as serial numbers and vintage for the credits. The Sandor reference does teach the conversion of production practice data from agriculture to emission units in the form of carbon dioxide. Therefore, the rejections are not withdrawn.

Art Unit: 3689

5. Since Applicant canceled claim 19, all arguments in regards to Mahosky are moot.

6. Please note that the pending claims are also currently rejected under 35 USC 101.

Information Disclosure Statement

7. The Information Disclosure Statements filed on **14 October 2008** has been considered. Initialed copies of the Form 1449 are enclosed herewith.

Claim Rejections - 35 USC § 101

8. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

9. **Claims 1, 6, 10-15, 17, 20, 23-27, 32-33, 35, 37-38, 40, 42, 45-48, 50, 52, 56-57, 59-62, 64, 67-68, 71-74, 76, 78-80, 84, 86-87, 94-95, 97-98, and 100-102** are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

According to recent Federal Circuit decisions, in order for a process to be a proper process under 35 USC 101, it must be tied to another statutory class of invention (such as a particular apparatus) or transform subject matter to a different state or thing. As is the case in the current application, if neither of these requirements is met by the

Art Unit: 3689

claim, the method is not a patent eligible process under section 101. Therefore, although Applicant claims the steps of a process, Applicant fails to claim or mention the presence of another statutory class. Applicant has instead amended the claims to include an executed contract and a compilation of data (claim 1); a collection of production practice data (claim 52); conversion of production practice data to environmental data (claim 62); and collection, conversion and registration of data (claim 84). There is no mention of another statutory class and the conversion of data cannot be considered to have transformed subject matter to a different state or thing since the subject matter remains data after the conversion. Therefore, Applicant's claimed invention is not statutory.

Claim Rejections - 35 USC § 112

10. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

11. **Claims 1-83** are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. In claims 1 and 62, Examiner is unsure what data is being referred to about "environmental emissions removal". Is Applicant referring to the process of removal or the results of removal? In claim 52, it is unclear how emissions removal is or can be produced by a producer.

Art Unit: 3689

Claim Rejections - 35 USC § 103

12. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

13. **Claims 1, 6, 10-15, 17, 20, 23-27, 32-33, 35, 37-38, 40, 42, 45-48, 50, 52, 56-57, 59-62, 64, 67-68, 71-74, 76, 78-80, 84, 86-87, 94-95, 97-98, and 100-102** are rejected under 35 U.S.C. 103(a) as being unpatentable over **Daggett et al. (US 2002/0173980 A1)** (hereinafter “**Daggett**”) in view of **Sandor et al. (US 2005/0246190 A1)** (hereinafter “**Sandor**”).

14. **With respect to claim 1:** Daggett discloses:

- executing a contract with a producer of at least one of environmental emissions and environmental emissions removal to implement [[the]] a production practice and collect associated production practice data, wherein;
 - a. a term of said contract comprises the producer providing the production practice data; and
 - b. the production practice data is related to production operations in at least one of the following production sectors: agriculture, forestry, petroleum production, gas production, enhanced oil recovery, fuel

Art Unit: 3689

production, ethanol production., semiconductor manufacturing, metal production, coal production, deep geologic sequestration, durable goods manufacturing, waste management, and waste landfills;

(Fig. 5; paragraphs 22-35 and 64 – insurance policy , for example crop insurance with farmer that permits insurer to estimate risks and allows farmers to achieve reporting requirements; insurance provider insures farmer if certain requirements are met; information obtained includes farmer or insurance agent working with farmer can use interactive computer to input was crops are intended to by planted within the management zone; pH levels are sampled as well as timing and amount of fertilizer applied within each management zone; carbon credits verified)

Daggett does not teach the following, however, Sandor teaches:

- the production practice data is collected according to a selected protocol, said selected protocol being adapted to determine at least one of environmental emissions mitigation and environmental emissions removal associated with the production practice of the producer compared to a baseline practice, (page 5, paragraphs 67-68 and 71 – each member of the market is managed by a system with an emission baseline; "[e]missions baseline preferably reflects a detailed assessment of patterns of industrial activity and practical considerations ... reference emission level is preferably established to be able to obtain emissions data, reflect variations in economic cycles"; adjustments can be made to baseline)

Art Unit: 3689

- converting the production practice data to environmental data using pre-selected conversion factors; (page 2, paragraph 21; page 3, paragraphs 28 and 31 – “a factor for converting the activity data to one of the GHG emission or GHG emission reduction equivalents” is applied. “The factor is based on the type of energy activity and the selected activity unit.”)
- converting at least a portion of the environmental data to a plurality of emission reduction units for a transferring thereof, each said emission reduction unit being adapted for use as at least one of an environmental offset, a credit and an allowance. (page 2, paragraph 21; page 3, paragraphs 28 and 31 – “a factor for converting the activity data to one of the GHG emission or GHG emission reduction equivalents” is applied. “The factor is based on the type of energy activity and the selected activity unit.”)

Therefore it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the production practice and production practice data of Daggett with the data selecting, converting, modifying, crediting and registering of Sandor because of the need for an emissions allowance trading system. (Sandor: paragraph 9)

Furthermore, the data identifying "creation of a contract" is non-functional descriptive data.

When presented with a claim comprising descriptive material, an Examiner must determine whether the claimed nonfunctional descriptive material should be given

Art Unit: 3689

patentable weight. The Patent and Trademark Office (PTO) must consider all claim limitations when determining patentability of an invention over the prior art. *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401,404 (Fed. Cir. 1983). The PTO may not disregard claim limitations comprised of printed matter. See *Gulack*, 703 F.2d at 1384-85, 217 USPQ at 403; see also *Diamond v. Diehr*, 450 U.S. 175, 191, 209 USPQ 1, 10 (1981). However, the examiner need not give patentable weight to descriptive material absent a new and unobvious functional relationship between the descriptive material and the subset. See *In re Lowry*, 32 F.3d 1579, 1583-84, 32 USPQ2d 1031, 1035 (Fed. Cir. 1994); *In re Ngai*, 367 F.3d 1336, 1338, 70 USPQ2d 1862, 1863-64 (Fed. Cir. 2004). Thus, when the prior art describes all the claimed structural and functional relationships between the descriptive material and the subset, but the prior art describes a different descriptive material than the claim, then the descriptive material is nonfunctional and will not be given any patentable weight. That is, such a scenario presents no new and unobvious functional relationship between the descriptive material and the subset.

The Examiner asserts that the data identifying "creation of a contract" adds little, if anything, to the claimed acts or steps and thus do no serve as limitations on the claims to distinguish over the prior art. MPEP 2106IV b 1(b) indicates that "nonfunctional descriptive material" is material "that cannot exhibit any functional interrelationship with the way the steps are performed". Any differences related merely to the meaning and information conveyed through data, which does not explicitly alter or impact the steps is non-functional descriptive data. The subjective interpretation of the data does not patentably distinguish the claimed invention.

Art Unit: 3689

15. **With respect to claim 2:** (Canceled)
16. **With respect to claim 3:** (Canceled)
17. **With respect to claim 4:** (Canceled)
18. **With respect to claim 5:** (Canceled)
19. **With respect to claim 6:** Daggett teaches the limitations in the rejections above. Daggett does not teach however, Sandor teaches the protocol includes at least one of guidance on measurement methodologies, indirect measurement criteria, modeling, baseline definitions and measurements, IPCC Global Warming Potential (GWP) conversion factors to enable the equivalent comparison of GHG carbon dioxide equivalents (CO₂e), and individual greenhouse gas performance factors. (page 5, paragraphs 67-68 and 71 – each member of the market is managed by a system with an emission baseline; "[e]missions baseline preferably reflects a detailed assessment of patterns of industrial activity and practical considerations ...reference emission level is preferably established to be able to obtain emissions data, reflect variations in economic cycles"; adjustments can be made to baseline)

Therefore it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Daggett with a protocol because of the need to have "a greenhouse gas emissions trading program that can provide corporations and others an organized, market-based mechanism for cost-effectively reducing global warming gases". (Sandor: paragraph 11)

20. **With respect to claim 7:** (Canceled)
21. **With respect to claim 8:** (Canceled)

Art Unit: 3689

22. **With respect to claim 9:** (Canceled)

23. **With respect to claim 10:** (Currently amended) Daggett teaches the production practice data comprises available external information source data regarding the producer, and wherein the external information source data comprises at least one of site physical data, cropping maps, soil maps, watershed maps, topographical maps, geographical reference data, site permit data, regulatory compliance, overhead photography, infrastructure placement, dimensional data, and commercial performance practices. (paragraphs 26 and 32 – components of the invention creates a map that divides a parcel of land, or field, into management zones)

24. **With respect to claim 11:** (Currently amended) Daggett teaches a term of the contract comprises the producer the warranting the production practice. (Fig. 5; paragraphs 22-35 and 64 – insurance policy , for example crop insurance with farmer that permits insurer to estimate risks and allows farmers to achieve reporting requirements; insurance provider insures farmer if certain requirements are met)

25. **With respect to claim 12:** (Currently amended) Daggett teaches the warranting the production practice comprises at least one of releasing legal liability for the data collecting and confirming the accuracy of the data collecting with respect to known production practices. (paragraphs 32 and 34 – farmer or insurance agent working with farmer can use interactive computer to input was crops are intended to by planted within the management zone; pH levels are sampled as well as timing and amount of fertilizer applied within each management zone)

Art Unit: 3689

26. **With respect to claims 13 and 86:** (Currently amended) Daggett teaches the collected production data comprises on-site data regarding the producer and the on-site data comprises at least one of on-site data supplied by the producer, on-site data collected by an assessment team, on-site data confirmed by an assessment team, on-site data entered into a pre-selected template, and on-site data electronically transmitted to a data center. (paragraphs 32 and 34 – farmer or insurance agent working with farmer can use interactive computer to input was crops are intended to be planted within the management zone; pH levels are sampled as well as timing and amount of fertilizer applied within each management zone)

27. **With respect to claims 14 and 87:** Daggett teaches the template provides for input including at least one of questions relevant to the protocol, a commercial standard, environmental compliance, non-conformance, and business needs. (Figure 5 – application includes the request to list "Protocol Used to calculate carbon credit")

28. **With respect to claim 15:** Daggett teaches the data entering into a template further includes recording at least one of time and geographical reference information. (Figure 5 – application includes section for landowner identifying information as well as latitude and longitude information)

29. **With respect to claim 16:** (Canceled)

30. **With respect to claim 17:** (currently amended) Daggett teaches the template form a part of at least one of an electronic data instrument, and wherein the electronic data instrument provides for data entry and transmission thereof. (Fig. 5; paragraphs 32 and 34 – farmer or insurance agent working with farmer can use interactive computer to

Art Unit: 3689

input was crops are intended to be planted within the management zone; pH levels are sampled as well as timing and amount of fertilizer applied within each management zone)

31. **With respect to claims 18 and 19:** (Canceled)

32. **With respect to claims 20 and 64:** (Currently amended) Daggett teaches the collected production practice data is commercial performance practice data comprising at least one of production throughput and production capacity. (paragraphs 8, 9 and 27 – insurance application requires information on how many acres farmer would like insured)

33. **With respect to claim 21:** (Canceled)

34. **With respect to claim 22:** (Canceled)

35. **With respect to claim 23:** (Currently Amended) Daggett teaches prior to converting the production practice data to environmental data, said production practice data is confirmed by measuring at least one of the integrity and completeness of the production practice data, and testing data eligibility for processing the production data. (paragraphs 32, 34 and 35 – farmer or insurance agent working with farmer can use interactive computer to input was crops are intended to be planted within the management zone; pH levels are sampled as well as timing and amount of fertilizer applied within each management zone; the information is provided to insurance carriers to accurately categorize the risk levels)

36. **With respect to claim 24:** Daggett teaches the limitations in the rejections above. Daggett does not teach data eligibility testing includes at least one of testing for

Art Unit: 3689

non-conforming practices, reviewing contract terms for the producer, reviewing pending environmental actions for the producer, comparing production practices documented through the collection of data to the baseline practice, and 3rd party auditing of the production practice data.

However, Sandor teaches data eligibility testing includes at least one of testing for non-conforming practices, reviewing contract terms for the producer, reviewing pending environmental actions for the producer, comparing production practices documented through the collection of data to the baseline practice, and 3rd party auditing of the production practice data. (page 5, paragraphs 67-68 and 71 – each member of the market is managed by a system with an emission baseline; "[e]missions baseline preferably reflects a detailed assessment of patterns of industrial activity and practical considerations ... reference emission level is preferably established to be able to obtain emissions data, reflect variations in economic cycles"; adjustments can be made to baseline)

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Daggett with production practices via the collection of data to the baseline practice because of the need to have "a greenhouse gas emissions trading program that can provide corporations and others an organized, market-based mechanism for cost-effectively reducing global warming gases". (Sandor: paragraph 11).

37. With respect to claims 25 and 67: (Currently Amended) Daggett teaches the limitations in the rejections above. Daggett does not teach however, Sandor teaches

Art Unit: 3689

further comprising comparing the production practice data to standards of performance and identifying production practice compliance to said standards through labeling. (col. 5, tables 2 and 3 – various alphanumeric and numeric codes specified)

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Daggett with production practice data reporting because of the need to have “a greenhouse gas emissions trading program that can provide corporations and others an organized, market-based mechanism for cost-effectively reducing global warming gases”. (Sandor: paragraph 11).

38. **With respect to claim 26 and 68:** Daggett teaches the labeling includes at least one of identifying a government approval, conferring a regulatory shield, identifying the source of conditions conferring a compliance and identifying a source of environmental removal. (paragraphs 32 and 34 – farmer or insurance agent working with farmer can use interactive computer to input was crops are intended to be planted within the management zone; pH levels are sampled as well as timing and amount of fertilizer applied within each management zone)

39. **With respect to claim 27:** (Currently amended) Daggett teaches the limitations in the rejections above. Daggett does not teach however, Sandor teaches the production practice data converting includes the production practice protocol having conversion factors selected from the group including reducing GHG emissions, providing clean water credits, providing clean air credits, providing soil erosion credits, and certifying animal welfare. (page 2, paragraph 21; page 3, paragraphs 28 and 31 – “a factor for converting the activity data to one of the GHG emission or GHG emission

Art Unit: 3689

reduction equivalents” is applied. “The factor is based on the type of energy activity and the selected activity unit.”)

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Daggett with production practice data converting because of the need to have “a greenhouse gas emissions trading program that can provide corporations and others an organized, market-based mechanism for cost-effectively reducing global warming gases”. (Sandor: paragraph 11).

40. **With respect to claim 28:** (Canceled)

41. **With respect to claim 29:** (Canceled)

42. **With respect to claim 30:** (Canceled)

43. **With respect to claim 31:** (Canceled)

44. **With respect to claims 32, 56, 71 and 94:** (Currently amended) Daggett teaches the limitations in the rejections above. Daggett does not teach however, Sandor teaches wherein, prior to converting at least a portion of the environmental data to a plurality of emission reduction units, a first portion of the environmental data is allocated to a reserve pool, and a portion of the reserve pool is committed to at least one of mitigating delivery risk, and mitigating permanence risk. (page 4 paragraphs 52-54 – registry stores emission reduction practices and results; page 4, paragraph 56; page 9, paragraph 111 - at year-end emission source must transfer allowances or offsets equal to total emissions; page 2, paragraph 21; page 3, paragraphs 28 and 31 – “a factor for converting the activity data to one of the GHG emission or GHG emission

Art Unit: 3689

reduction equivalents" is applied. "The factor is based on the type of energy activity and the selected activity unit.").

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Daggett with allocating a portion of the environmental data to a reserve pool because of the need to have "a greenhouse gas emissions trading program that can provide corporations and others an organized, market-based mechanism for cost-effectively reducing global warming gases". (Sandor: paragraph 11)

Furthermore, the data identifying first portion is non-functional descriptive data.

Descriptive material can be characterized as either "functional descriptive material" or "nonfunctional descriptive material." Exemplary "functional descriptive material" consists of data structures and computer programs, which impart functionality when employed as a computer component. "Nonfunctional descriptive material" includes but is not limited to music, literary works and a compilation or mere arrangement of data.

When presented with a claim comprising descriptive material, an Examiner must determine whether the claimed nonfunctional descriptive material should be given patentable weight. The Patent and Trademark Office (PTO) must consider all claim limitations when determining patentability of an invention over the prior art. *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401,404 (Fed. Cir. 1983). The PTO may not disregard claim limitations comprised of printed matter. *See Gulack*, 703 F.2d at 1384-85, 217 USPQ at 403; *see also Diamond v. Diehr*, 450 U.S. 175, 191, 209 USPQ 1, 10 (1981).

Art Unit: 3689

However, the examiner need not give patentable weight to descriptive material absent a new and unobvious functional relationship between the descriptive material and the subset. See *In re Lowry*, 32 F.3d 1579, 1583-84, 32 USPQ2d 1031, 1035 (Fed. Cir. 1994); *In re Ngai*, 367 F.3d 1336, 1338, 70 USPQ2d 1862, 1863-64 (Fed. Cir. 2004). Thus, when the prior art describes all the claimed structural and functional relationships between the descriptive material and the subset, but the prior art describes a different descriptive material than the claim, then the descriptive material is nonfunctional and will not be given any patentable weight. That is, such a scenario presents no new and unobvious functional relationship between the descriptive material and the subset.

The Examiner asserts that the data identifying first portion adds little, if anything, to the claimed acts or steps and thus do no serve as limitations on the claims to distinguish over the prior art. MPEP 2106IV b 1(b) indicates that "nonfunctional descriptive material" is material "that cannot exhibit any functional interrelationship with the way the steps are performed". Any differences related merely to the meaning and information conveyed through data, which does not explicitly alter or impact the steps is non-functional descriptive data. The subjective interpretation of the data does not patentably distinguish the claimed invention.

45. **With respect to claims 33, 57, 72 and 95:** Daggett teaches the portion of the reserve pool includes at least one of an escrow pool and a leveraged instrument pool for backing a commercial insurance policy. (Figure 5; paragraphs 32 and 34 – insurance application includes section for landowner identifying information as well as latitude and longitude information; farmer or insurance agent working with farmer can use interactive

Art Unit: 3689

computer to input was crops are intended to be planted within the management zone; pH levels are sampled as well as timing and amount of fertilizer applied within each management zone)

46. **With respect to claim 34:** (Canceled)

47. **With respect to claim 35:** (Currently amended) Daggett teaches aggregating the production practice data from a plurality of producers, wherein the plurality of producers includes at least one common production practice. (paragraphs 22-41 – disclosure involves farmers and their crops)

48. **With respect to claim 36:** (Canceled)

49. **With respect to claims 37, 73 and 97:** (Currently amended) Daggett teaches the environmental data is registered by at least one of verifying a commercial suitability of the effective environmental data, recording the registering, designating ownership of the effective environmental data, (Figure 5; paragraphs 32 and 34 – application includes section for landowner identifying information as well as latitude and longitude information; farmer or insurance agent working with farmer can use interactive computer to input was crops are intended to be planted within the management zone; pH levels are sampled as well as timing and amount of fertilizer applied within each management zone). Daggett does not teach assigning a unique identifier thereto, and monitoring a transaction thereof.

However, Sandor teaches assigning a unique identifier thereto, and monitoring a transaction thereof. (col. 5, tables 2 and 3 – various alphanumeric and numeric codes specified).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the information of Daggett with the unique identifier of Sandor because of the need to have "a greenhouse gas emissions trading program that can provide corporations and others an organized, market-based mechanism for cost-effectively reducing global warming gases". (Sandor: paragraph 11).

50. **With respect to claims 38, 74 and 98:** Daggett teaches the unique identifier assigning includes at least one of a protocol related identifier, vintage, geographically referenced coordinates, specific emission reduction accounting, encryption. (Figure 5 – application includes section for landowner identifying information as well as latitude and longitude information).

51. **With respect to claim 39:** (Canceled)

52. **With respect to claims 40 and 76:** Daggett teaches the transaction monitoring includes at least one of monitoring a sale, transfer, exchange, and retirement of the environmental emission data. (paragraph 60 – "[t]herefore, as carbon credits are sold from a management zone, an indication is made in the GIS information that [the] management zone has had its carbon credits sold").

53. **With respect to claim 41:** (Canceled)

54. **With respect to claim 42:** (Currently Amended) Daggett teaches the limitations in the rejections above. Daggett does not teach however, Sandor teaches the converting at least a portion of the environmental data comprises choosing a registry jurisdiction. (page 2, paragraph 21; page 3, paragraphs 28 and 31 – "a factor for converting the activity data to one of the GHG emission or GHG emission reduction

Art Unit: 3689

equivalents” is applied. “The factor is based on the type of energy activity and the selected activity unit”; factor can be based on location feature that is related to the geographic location of energy activities).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Daggett with the converting in Sandor because of the need to have “a greenhouse gas emissions trading program that can provide corporations and others an organized, market-based mechanism for cost-effectively reducing global warming gases”. (Sandor: paragraph 11).

55. **With respect to claim 43:** (Canceled)

56. **With respect to claim 44:** (Canceled)

57. **With respect to claim 45:** Daggett teaches selling the emission reduction unit. (paragraphs 49 and 60 – “[c]ompanies and consumers will buy carbon credits because the need or want to reduce their emissions”; “[t]herefore, as carbon credits are sold from a management zone, an indication is made in the GIS information that [the] management zone has had its carbon credits sold”).

58. **With respect to claims 46, 59, 79 and 100:** (Currently amended) Daggett teaches the limitations in the rejections above. Daggett does not teach however, Sandor teaches wherein selling the emission reduction unit comprises pooling the unit with a plurality of emission reduction units, said pool being adapted to be accessed during a point of sale event for reducing at least a portion of environmental emissions resulting from the point of sale event. (page 4 paragraphs 52-54 – registry stores emission reduction practices and results; page 4, paragraph 56; page 9, paragraph 111

Art Unit: 3689

- at year-end emission source must transfer allowances or offsets equal to total emissions)

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Daggett with establishing a pool for emission reduction unit and accessing the pool because of the need to have "a greenhouse gas emissions trading program that can provide corporations and others an organized, market-based mechanism for cost-effectively reducing global warming gases". (Sandor: paragraph 11).

59. **With respect to claims 47, 60, 80 and 101:** Daggett teaches the limitations in the rejections above. Daggett does not teach the point of sale event is selected from a group including at least one of an airline ticket, fuel at pump, coal for heating or electricity generation, and purchase of automobile. However, Sandor teaches the point of sale event is selected from a group including at least one of an airline ticket, fuel at pump, coal for heating or electricity generation, and purchase of automobile. (page 4, paragraphs 59 - 60 – emission allowances sold at auction).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Daggett with a point of sale event because of the need to have "a greenhouse gas emissions trading program that can provide corporations and others an organized, market-based mechanism for cost-effectively reducing global warming gases". (Sandor: paragraph 11).

Furthermore, the data identifying types of point of sale events is non-functional descriptive data.

Art Unit: 3689

Descriptive material can be characterized as either "functional descriptive material" or "nonfunctional descriptive material." Exemplary "functional descriptive material" consists of data structures and computer programs, which impart functionality when employed as a computer component. "Nonfunctional descriptive material" includes but is not limited to music, literary works and a compilation or mere arrangement of data.

When presented with a claim comprising descriptive material, an Examiner must determine whether the claimed nonfunctional descriptive material should be given patentable weight. The Patent and Trademark Office (PTO) must consider all claim limitations when determining patentability of an invention over the prior art. *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401,404 (Fed. Cir. 1983). The PTO may not disregard claim limitations comprised of printed matter. *See Gulack*, 703 F.2d at 1384-85, 217 USPQ at 403; *see also Diamond v. Diehr*, 450 U.S. 175, 191, 209 USPQ 1, 10 (1981). However, the examiner need not give patentable weight to descriptive material absent a new and unobvious functional relationship between the descriptive material and the substrate. *See In re Lowry*, 32 F.3d 1579, 1583-84, 32 USPQ2d 1031, 1035 (Fed. Cir. 1994); *In re Ngai*, 367 F.3d 1336, 1338, 70 USPQ2d 1862, 1863-64 (Fed. Cir. 2004). Thus, when the prior art describes all the claimed structural and functional relationships between the descriptive material and the subset, but the prior art describes a different descriptive material than the claim, then the descriptive material is nonfunctional and will not be given any patentable weight. That is, such a scenario presents no new and unobvious functional relationship between the descriptive material and the subset.

Art Unit: 3689

The Examiner asserts that the data identifying types of point of sale events adds little, if anything, to the claimed acts or steps and thus do not serve as limitations on the claims to distinguish over the prior art. MPEP 2106IV b 1(b) indicates that "nonfunctional descriptive material" is material "that cannot exhibit any functional interrelationship with the way the steps are performed". Any differences related merely to the meaning and information conveyed through data, which does not explicitly alter or impact the steps is non-functional descriptive data. The subjective interpretation of the data does not patentably distinguish the claimed invention.

60. **With respect to claims 48, 61:** (Currently amended) Daggett teaches the limitations in the rejections above. Daggett does not teach however, Sandor teaches transferring title of at least one of the emission reduction units for offsetting at least a portion of the environmental emission. (paragraph 56 - at year-end emission source must transfer allowances or offsets equal to total emissions).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Daggett with the transferring of title in Sandor because of the need to have "a greenhouse gas emissions trading program that can provide corporations and others an organized, market-based mechanism for cost-effectively reducing global warming gases". (Sandor: paragraph 11).

61. **With respect to claims 49:** (Canceled)

62. **With respect to claim 50:** Daggett teaches the limitations in the rejections above. Daggett does not teach allocating a plurality of emission reduction units from a plurality of producers of a controlling entity for offsetting environmental emissions of the

Art Unit: 3689

controlling entity. However, Sandor teaches allocating a plurality of emission reduction units from a plurality of producers of a controlling entity for offsetting environmental emissions of the controlling entity. (paragraph 56 - at year-end emission source must transfer allowances or offsets equal to total emissions).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Daggett with the plurality of emission reduction units of Sandor because of the need to have "a greenhouse gas emissions trading program that can provide corporations and others an organized, market-based mechanism for cost-effectively reducing global warming gases". (Sandor: paragraph 11).

63. **With respect to claim 51:** (Canceled)

64. **With respect to claim 52:** (Currently amended) Daggett teaches:

- collecting production practice data associated with a production practice of a producer of at least one of environmental emission and environmental emission removal, said collecting being responsive to a selected protocol, said selected protocol being adapted to determine at least one of environmental emissions mitigation and environmental emissions removal associated with the production practice of the producer compared to a baseline practice, wherein the production practice data is related to production operations in at least one of the following production sectors: agriculture, forestry, petroleum production, gas production, enhanced oil recovery, fuel production, ethanol production, semiconductor manufacturing, metal production, coal production, deep geologic sequestration,

Art Unit: 3689

durable goods manufacturing, waste management, and waste landfills and; (Fig. 5; paragraphs 22-35 and 64 – insurance policy , for example crop insurance with farmer that permits insurer to estimate risks and allows farmers to achieve reporting requirements; insurance provider insures farmer if certain requirements are met; information obtained includes farmer or insurance agent working with farmer can use interactive computer to input was crops are intended to be planted within the management zone; pH levels are sampled as well as timing and amount of fertilizer applied within each management zone; carbon credits verified)

- title to the environmental data is transferred to an entity other than the producer. (paragraphs 49 and 60 – data verifying carbon credit is verified; credits are sold to individuals or companies)

Daggett does not teach, however, Sandor teaches:

- the production practice data is converted to environmental data using pre-selected conversion factors; (page 2, paragraph 21; page 3, paragraphs 28 and 31 – “a factor for converting the activity data to one of the GHG emission or GHG emission reduction equivalents” is applied. “The factor is based on the type of energy activity and the selected activity unit.”)

Therefore it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the production practice and production practice data of Daggett with the data selecting and converting of Sandor because of the need for an emissions allowance trading system. (Sandor: paragraph 9)

Art Unit: 3689

65. **With respect to claims 53-55 and 58:** (Canceled)

66. **With respect to claim 62:** (currently amended) Daggett teaches: said production practice data relates to a production practice and is collected, responsive to a selected protocol, said selected protocol being adapted to determine at least one of environmental emission mitigation and environmental emissions removal associated with the production practice of the producer compared to a baseline practice, and the production practice data is related to production operations in at least one of the following production sectors: agriculture, forestry, petroleum production, gas production, enhanced oil recovery, fuel production, coal production, deep geologic sequestration, durable goods manufacturing, waste management, and waste landfills (Fig. 5; paragraphs 22-35 and 64 – insurance policy , for example crop insurance with farmer that permits insurer to estimate risks and allows farmers to achieve reporting requirements; insurance provider insures farmer if certain requirements are met; information obtained includes farmer or insurance agent working with farmer can use interactive computer to input was crops are intended to by planted within the management zone; pH levels are sampled as well as timing and amount of fertilizer applied within each management zone; carbon credits verified)

Daggett does not teach, however Sandor teaches:

- converting production practice data to environmental data using pre-selected conversion factors; wherein (page 2, paragraph 21; page 3, paragraphs 28 and 31 – “a factor for converting the activity data to one of the GHG emission or GHG

Art Unit: 3689

emission reduction equivalents” is applied. “The factor is based on the type of energy activity and the selected activity unit.”)

- registering at least a portion of the environmental data for commercial use thereof. (page 4, paragraphs 53 and 54 – registry serves as official record of emission allowance)

Therefore it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the production practice and production practice data of Daggett with the data selecting, registering and converting of Sandor because of the need for an emissions allowance trading system. (Sandor: paragraph 9)

67. **With respect to claims 63, 65-66, 69-70, and 75:** (Canceled)

68. **With respect to claim 77:** (canceled).

69. **With respect to claim 78:** Daggett teaches selling at least a portion of the plurality of emission reduction units. (paragraphs 49 and 60 – “[c]ompanies and consumers will buy carbon credits because the need or want to reduce their emissions”; “[t]herefore, as carbon credits are sold from a management zone, an indication is made in the GIS information that [the] management zone has had its carbon credits sold”).

70. **With respect to claims 81-83:** (Canceled)

71. **With respect to claim 84:** (currently amended) Daggett teaches:

- collecting production practice data associated with production practices of a plurality of producers, said production practices yielding at least one of environmental emissions mitigation and environmental emissions removal, said collecting being responsive to a selected protocol; (paragraphs 32 and 34 –

Art Unit: 3689

farmer or insurance agent working with farmer can use interactive computer to input was crops are intended to by planted within the management zone; pH levels are sampled as well as timing and amount of fertilizer applied within each management zone)

- a. said selected protocol being adapted to determine at least one of environmental emission mitigation and environmental emissions removal associated with the production practice of the producer compared to a baseline practice, and
- b. the production practice data is related to production operations in at least one of the following production sectors: agriculture, forestry, petroleum production, gas production, enhanced oil recovery, fuel production, coal production, deep geologic sequestration, durable goods manufacturing, waste management, and waste landfills {para 0052, claim3; and

(Fig. 5; paragraphs 22-35 and 64 – insurance policy , for example crop insurance with farmer that permits insurer to estimate risks and allows farmers to achieve reporting requirements; insurance provider insures farmer if certain requirements are met; information obtained includes farmer or insurance agent working with farmer can use interactive computer to input was crops are intended to by planted within the management zone; pH levels are sampled as well as timing and amount of fertilizer applied within each management zone; carbon credits verified)

Daggett does not teach, however Sandor teaches:

Art Unit: 3689

- converting the production practice data to environmental data using pre-selected conversion factors; (page 2, paragraph 21; page 3, paragraphs 28 and 31 – “a factor for converting the activity data to one of the GHG emission or GHG emission reduction equivalents” is applied. “The factor is based on the type of energy activity and the selected activity unit.”)and
- registering the environmental data for commercial use thereof. (page 4, paragraphs 53 and 54 – registry serves as official record of emission allowance)

Therefore it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the production practice and production practice data of Daggett with the data selecting, registering and converting of Sandor because of the need for an emissions allowance trading system. (Sandor: paragraph 9)

72. **With respect to claims 85, 88-93, 96 and 99:** (Canceled)

73. **With respect to claim 102:** Daggett teaches transferring title of the environmental data for offsetting at least a portion of the environmental emissions. (paragraphs 49 and 60 – “[c]ompanies and consumers will buy carbon credits because the need or want to reduce their emissions but find it more cost effective to buy offsets”; “[t]herefore, as carbon credits are sold fro a management zone, an indication is made in the GIS information that [the] management zone has had its carbon credits sold”).

Art Unit: 3689

CONCLUSION

74. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Heidi Riviere whose telephone number is 571-270-1831. The examiner can normally be reached on Monday-Friday 9:00am-5:00pm EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Janice Mooneyham can be reached on 571-272-6805. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/H. R./
Examiner, Art Unit 3689

/Dennis Ruhl/

Primary Examiner, Art Unit 3689

Application/Control Number: 10/720,797
Art Unit: 3689

Page 32